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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/690,940	10/18/2000	Dean F. Boyer	OHB-0047	5015
7590	01/16/2009			
Troy J. Cole, Esq. Woodard, Emhardt, Naughton, Moriarty & McNett Bank One Tower/Center 111 Monument Circle, Suite 3700 Indianapolis, IN 46204-5137			EXAMINER	
			MAGUIRE, LINDSAY M	
			ART UNIT	PAPER NUMBER
			3692	
			MAIL DATE	DELIVERY MODE
			01/16/2009	PAPER

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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Application Number: 09/690,940

Filing Date: October 18, 2000

Appellant(s): BOYER ET AL.

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Troy J. Cole  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed June 23, 2008 appealing from the Office action mailed November 19, 2007.

**(1) Real Party in Interest**

A statement identifying by name the real party in interest is contained in the brief.

**(2) Related Appeals and Interferences**

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**(3) Status of Claims**

The statement of the status of claims contained in the brief is correct.

**(4) Status of Amendments After Final**

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**(5) Summary of Claimed Subject Matter**

The summary of claimed subject matter contained in the brief is correct.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

**(7) Claims Appendix**

The copy of the appealed claims contained in the Appendix to the brief is correct.

**(8) Evidence Relied Upon**

4,858,121	BARBER et al.	8-1989
5,359,509	LITTLE et al.	10-1994
5,235,507	Sackler	8-1993

PR Newswire. "Speedware, Prospective Health Inc., Announce Reseller Agreement."  
New York: January 20, 1998. pg 1; 2 pages

**(9) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

***Claim Rejections - 35 USC § 112***

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 92 and 93 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. Specifically, the recitation "wherein at least a portion of said payment is from a pre-funded account" is not present in the specification, nor are "first third party payer" and "second third party payer".

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 48-111 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which appellant regards as the invention.

The term "substantially" in claims 48-78, 87-111 and "approximately" in claims 79-86 are relative terms which render the claims indefinite. The terms are not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention. The examiner cannot determine what constitutes substantially or approximately real time. Is this five seconds, 10 seconds, one minute or less? For this reasons the claims are rendered as indefinite.

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 48-52, 54-56, 60-62, 67-71, 73-74, 78-79, 83, 87-90, 94, 95, and 96-98  
are rejected under 35 U.S.C. 103(a) as being unpatentable over Barber et al  
(hereinafter Barber US PAT No 4,858,121) in view of Little et al (hereinafter Little US  
PAT No 5,359,509) in view of Newswire (PR Newswire. "Speedware, Prospective  
Health Inc., Announce Reseller Agreement." New York: Jan 20, 1998. pg 1; 2 pages).

Re Claim 48: Barber discloses a medical payment system comprising: • A network (Fig 1; Column 1, lines 63-65) • A point of service terminal comprising a point of service terminal network interface operably coupled to said network (Column 1, lines 61-65) and adapted to provide an indication of a purchase transaction and a card interface adapted to receive said payment access card for payment of a purchase of at least one service and product to said point of service provider (Column 2, lines 10-14 and Column 4, lines 10-20; see "smart cards"), wherein at least part of said purchase is reimbursable by a third party (Column 2, lines 21-25).

• A payment system comprising payment system network interface operably coupled to said network and adapted to receive said adjudicated settlement transaction, wherein said payment system is adapted to debit, said payment

system access card for said third party payment amount to be paid by said third party to reimburse said point of service provider of said covered portion (Column 2, lines 10-25).

Barber does not explicitly disclose:

- An adjudication engine comprising an adjudication network interface operably coupled to said network and adapted to receive said indication of said purchase transaction and produce a adjudicated settlement transaction comprising an indication of a third party payment amount for at least one of medical services or products
- Wherein the steps are accomplished substantially in real time

Little discloses a health care payment adjudication and review system that discloses an adjudication apparatus for health care payments that teaches all the steps of receiving, and producing a settlement for a medical service or product (Figure 1; Column 4, lines 22-43). It would have been obvious to anyone of ordinary skill at the time of invention to include the adjudication apparatus of Little to the payment system of Barber so that insurance claims related to medical procedures and products can be entered and subsequently adjudicated quickly and efficiently on site. This will furthermore reduce the costs of claims processing by insurance companies and standardize insurance claims and medical payment procedures for patients.

Newswire discloses comprehensive software for real-time centralized benefit processing, claims editing, adjudication for benefit management organizations (See

abstract). It would have been obvious to anyone of ordinary skill at the time of invention to include the teachings of Newswire to the disclosure of Barber so that medical claims and bills processing is achieved in an efficient and expedited manner. Barber cites this as the primary goal of his system (Column 2, lines 32-33), so any addition that would move the claims processing closer to real time would be ideal.

Re Claim 49: Little does not explicitly disclose wherein the point of service terminal is located at a pharmacy. However, Little does disclose that the method and apparatus of his invention is intended for payment requests associated specifically with the health care industry (Column 4, lines 23-43). It was well known in the art at the time of invention that if a patient were to receive medication, he or she would need to visit a pharmacy to fill a prescription and would also be paying for this prescription at the pharmacy. It would be obvious then to place a point of service terminal at the pharmacy because this is the transaction is to take place and where the system and apparatus would be best utilized. It was also true that, at the time of invention, many physicians offices, specifically large HMO's have a pharmacy on the premises, so if the point of service terminal was located at the physicians office as disclosed by Barber (Column 1, lines, 63-65) it would also be located at the pharmacy.

Re Claim 50: Barber further discloses wherein the point of service terminal is located in a physician office (Column 1, lines 63-65).

Re Claim 51: Barber, in view of Little, further discloses wherein said payment system is further adapted to initiate a funds transfer (Barber, Column2, lines 21-25) from at least a first account and a second account, wherein said second account is designated by a beneficiary of said third party payer (Little, Column 6, lines 49-53).

Re Claim 52: Little further discloses a system wherein said purchase transaction includes at least one service code which said adjudication engine compares to payment parameters and conditions from the third party to determine the value of said covered portion of said purchase to be paid by the third party (Column 9 line 66-Column 11 line 45). Little discloses the use of a Masterlist as a reference for the third party for adjudication of a payment request. The service code is defined by Little as current procedural terminology (CPT), and the procedure performed on the patient is compared to the CPT from the Masterlist to determine appropriate payment procedures.

Re Claim 54: Newswire further disclose wherein said network comprises at least one Internet connection (page 2, paragraph 2).

Re Claim 55: Little further discloses a system wherein said adjudication engine comprises a data driven rules engine comprising an interface for at least one of receiving and processing data from the customer, the point of service provider, the third party and the payment system to determine the covered portion of the payment to be

paid by the third party (Column 6 line 44- Column 7 line 9).

Re Claim 56: Barber further discloses a system wherein said payment access card comprises beneficiary and a financial card information (Column 4, line 11-34); wherein said payment system is further adapted to provide a settlement transaction received by a financial network (Column 2, lines 11-25; Column 7, lines 42-50).

Re Claims 60-62: Further method claims would have been obvious to perform in light of previously rejected system claims 48-52, 55, and 56 respectively and are therefore rejected using the same art and rationale.

Re Claims 67, 69-71, 73-74: Further method claims would have been obvious to perform in light of previously rejected system claims 48-52, 55 and 56 respectively and are therefore rejected using the same art and rationale.

Re Claim 78: Barber / Little / Newswire discloses the claimed method supra and Barber further discloses transferring funds in accordance with said adjudicated transaction to said point of service (Column 2, lines 21-25), while Newswire discloses that the transfer happens in substantially real-time proximate to the receipt of said adjudicated transaction.

Re Claim 79: Further computer data signal claims would have been obvious in order to implement the previously rejected method claim 60 in the previously rejected system and is therefore rejected using the same art and rationale.

Re Claim 83: Further point of service terminal method would have been obvious to implement from previously rejected system claim 48 and is therefore rejected using the same art and rationale.

Re Claim 87: Barber/Little/Newswire discloses the claimed system *supra* and Barber further discloses a messaging system adapted to provide a receipt to said point of service provider corresponding to said initiated reimbursement (Abstract).

Re Claim 88: The purchase transaction generated as a result of a retail pharmacy purchase transaction would have been obvious from previously rejected claim 49, and therefore is rejected using the same art and rationale.

Re Claim 89: Barber discloses that the purchase is generated as a result of a purchase transaction at a physician's office (Column 1, lines 60-69).

Re Claim 90: Barber/Little/Newswire discloses the claimed system *supra*, system claims 48-52, 55, and 56 respectively and are therefore rejected using the same art and

rationale.

Re Claim 94: Barber/Little/Newswire discloses the claimed system *supra* and Little further discloses a messaging system adapted to provide a receipt to said point of service provider corresponding to said adjudicated settlement transaction (Column 16, lines 66-68 – Column 17, lines 1-18).

Re Claim 95: Further the payment system access card comprising a beneficiary and financial card information, wherein said payment system further comprises an adjudicated settlement transaction adapted to be received by a financial network would have been obvious in view of previously rejected claim 56, and is therefore rejected using the same art and rationale.

Re claims 96-98: Further system claims would have been obvious in order to perform previously rejected claims 57-59 and is therefore rejected using the same art and rationale.

Claims 53, 57-59, 63-66, 72, 75-77, 80-82, 84-86, 91, and 99-111 are rejected under 35 U.S.C. 103(a) as being unpatentable over Barber in view of Little in view of Newswire as applied to claim 48 above, and further in view of Sackler et al (hereinafter Sackler, US Pat No 5,235,507).

Re Claim 53: Barber / Little / Newswire discloses the claimed system supra except for the explicit disclosure wherein said purchase includes at least one co-payment amount. Sackler discloses a health insurance management system wherein a policy having a separate deductible amount for each treatment, and/or having different levels of co-payment, could be accommodated without altering the essential nature of the system (Column 3, lines 46-49). It would have been obvious to someone skilled in the ordinary art at the time of invention to include the co-payment portion of the claim taught by Sackler to the system of Little in view of Barber, because many health insurance plans have a co-payment amount that the patient is responsible for covering, and the system would encompass a greater number of people if this feature were available.

Re Claim 57: Barber / Little / Newswire discloses the claimed system supra except for the explicit disclosure wherein said adjudication engine calculates a non-covered portion which is to be paid by one of a beneficiary and a customer. Sackler discloses a health insurance management system wherein the system has means for calculating the amount to be paid to the health care provider, means for paying the provider, means for calculating the payment required by the claimant, which is the non covered portion (Column 1, lines 50-57). It would have been obvious to someone skilled in the ordinary art at the time of invention to include the calculation of the non- covered portion of the claim taught by Sackler to the system of Little in view of Barber, because many health care plans cover claims up to a certain point which may not cover the

entire procedure. There must then be a way to calculate the remaining charges or else the service provider will not be paid the excess amount to which they are entitled.

Re Claim 58: Sackler further discloses a system wherein said payment system charges the payment system access card for said non-covered portion that is to be paid by said one of a beneficiary and said customer to pay said service provider said non-covered portion (Column 3, lines 20-32).

Re Claim 59: Sackler further discloses a system wherein said payment system charges a personal credit card of said beneficiary and said customer for said non-covered portion that is to be paid by the customer (Column 3, lines 20-32).

Re Claims 63-66: Further method claims would have been obvious in order to perform previously rejected system claims 56-59 and are therefore rejected using the same art and rationale.

Re Claims 72 and 75-77: Further method claims would have been obvious in order to perform previously rejected system claims 53 and 57-59 respectively and are therefore rejected using the same art and rationale.

Re Claims 80-82: Further computer data signal claims would have been obvious in order to implement the previously rejected method claims 57, 59 and 53 respectively

in the previously rejected system and is therefore rejected using the same art and rationale.

Re Claims 84-86: Further point of service terminal claims would have been obvious to implement from previously rejected system claims 57-59 and are therefore rejected using the same art and rationale.

Re Claim 90: Further a portion of the payment from a beneficiary designated account would have been obvious to implement from previously rejected system claims 48, 57, and 58 and are therefore rejected using the same art and rationale.

Re Claim 99: Further the method claims would have been obvious in order to perform previously rejected system claims 60, 67, 74, 78, 79, and 87 respectively and are therefore rejected using the same art and rationale.

Re Claim 100: Further Barber / Little / Newswire disclose the method in *supra* additionally, Little discloses that said account is accessible to said third party beneficiary (Column 6, lines 49-53).

Re Claim 101: Further Barber / Little / Newswire disclose the method in *supra* and it would be obvious to one of ordinary skill in the art that the account could be owned by said third party beneficiary (Column 6, lines 49-53).

Re Claims 102 and 103: Further Barber / Little / Newswire disclose the method in *supra* and that said beneficiary for payment of health related goods or services (Barber and Little Abstracts).

Re Claim 104: Further the method would have been obvious in view of previously rejected claims 100 and 101, and therefore is rejected here under the same art and rationale.

Re Claim 105: Barber / Little / Newswire disclose the method in *supra*, additionally, Little discloses providing an account summary of purchase transactions to said beneficiary via a web page (Column 16, lines 66-68 – Column 17, lines 1-18).

Re Claim 106: Barber / Little / Newswire disclose the method in *supra*, additionally, Little discloses providing a receipt to said point of service provider corresponding to said adjudicated purchase transaction, wherein said receipt is provided to said point of service provider via a network at the time of said purchase (Column 16, lines 66-68 – Column 17, lines 1-18).

Re Claim 107: Barber / Little / Newswire disclose the method in *supra*, additionally Little discloses that wherein said receipt is provided by said payment system (Abstract; Column 16, lines 66-68 – Column 17, lines 1-18).

Re Claim 108: Barber / Little / Newswire disclose the method in *supra*, additionally Little discloses the step of providing a receipt corresponding to said initiated funds transfer at the time of said purchase transaction, wherein said receipt is provided to said point of service provider via a network substantially at the time of said purchase (Abstract; Column 16, lines 66-68 – Column 17, lines 1-18).

Re Claim 109: Barber / Little / Newswire disclose the method in *supra*, additionally Little discloses that said receipt is provided by said payment system (Abstract; Column 16, lines 66-68 – Column 17, lines 1-18).

Re Claim 110: Barber / Little / Newswire disclose the method in *supra*, additionally Little discloses the step of providing a message to said point of service provider in response to said adjudicated purchase transaction, wherein said receipt arrives at said point of service provider substantially at the time said point of service provider provides said service or good (Abstract; Column 16, lines 66-68 – Column 17, lines 1-18).

Re Claim 111: Further the method would have been obvious in view of previously rejected claims 60, 67, 74, 78, 79, and 87, and therefore is rejected here under the same art and rationale.

**(10) Response to Argument**

**A.** Appellant's argument's regarding the 35 USC 112, First paragraph rejections of claim 92 is acknowledged, however examiner is of another opinion. Specifically, appellant has drawn attention to the recitation, "the employer may issue a securitized card" (specification page 17, line 18) as support for claim 92. However, this recitation simply supports exactly what is stated, e.g. that the employer may issue a securitized card (credit card). It does not support the recitation, "wherein at least a portion of said payment is from a pre-funded account" of claim 92. While appellant argues that a securitized card is pre-funded, and therefore there is support, examiner contends that a credit card is not in fact a pre-funded account, as what is charged on it is paid for after the fact. A credit card is not an account that has money previously stored in it, that is then spent, e.g. a checking account. Therefore the 35 USC 112, first paragraph rejection of claim 92 should stand.

Appellant's argument regarding the 35 USC 112, First paragraph rejections of claim 93 is acknowledged, however examiner is of another opinion. Specifically, appellant has drawn attention to the recitation, "the policy deductible(s), co-pay, co-insurance, and any uncovered amounts" (emphasis added by appellant; specification page 28, lines 2-4) as support for claim 93. However, examiner contends that this is not sufficient support for the recitation, "first/second third party payer" from claim 93. The recitation in the claim is broader then what appellant has recited in the specification,

since a third party payer is not always co-insurance. Therefore, the 35 USC 112, first paragraph rejection of claim 93 should stand.

**B.** Appellant's argument against the 35 USC 112, second paragraph rejections of the indefiniteness of the recitations "approximately" and "substantially" real-time, are acknowledged. However, the specification does not recite a standard for ascertaining exactly what appellant is attempting to set forth. Specifically, the examiner is unable to determine what constitutes "approximately" and "substantially" real-time (5 seconds, 10 seconds, one minute, or instantaneously?).

**C.** In response to appellant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the appellant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

In response to appellant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention

where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case: Barber et al. disclose a medical payment system with a network, point of service terminal, a card interface, a payment system, and that at least a part of a purchase is reimbursable by a third party; Little et al. disclose an adjudication engine; and Newswire discloses comprehensive software for real-time centralized benefit processing, claims editing, and adjudication for benefit management. It would have been obvious to one of ordinary skill in the art to include in the medical payment system of Barber et al. the adjudication engine as taught by Little et al. and the real-time software as taught by Newswire since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Appellant's argument that Barber et al. does not show or suggest a payment access card, are acknowledged. However, Barber et al. does disclose the use of a credit card (column 4, line 14-18). Therefore, Barber et al. is considered to fully meet the aforementioned limitation.

With respect to appellant's argument that Little et al. does not show or suggest

substantially or near real time, appellant is correct. However, at no point does the examiner claim that Little et al. disclose substantially or near real time. Examiner states that Barber et al. does not disclose an adjudication engine, or that the steps occur in substantially real time. Then examiner continues to state that Little et al. disclose an adjudication engine, and that Newswire discloses software for real-time benefit processing (Newswire abstract).

Appellant's arguments that, "the PHI references" are non-analogous art, are acknowledged. However, appellant is seeking to set forth additional information without the use of proper affidavits. Specifically, appellant is drawing conclusions without any support for said conclusion. The Newswire reference specifically states,

"PHI provides a comprehensive suite of modular, client/server software for real-time centralized benefit processing, claims' editing, adjudication and control of multiple provider sites for benefit management organizations. Media and Media/web will work in tandem with the ProANALYST module, which provides textual reports from the centralized relational database. Media will enable end users to prepare graphical, analytical reports from this information. (abstract.)"

Since Newswire is directed towards healthcare management software, it is considered to be analogous art, since it seeks to solve the same problem as appellant.

In response to appellant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections

are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

Appellant's arguments of "Subsequent Adoption by Others supports non-obviousness" and "Disbelief of Those of Ordinary Skill in the Art Shows No Reasonable Expectation of Success to Provide Substantially Real-Time Payment" have been considered. However, appellant has made these arguments without the support of an affidavit, and therefore they are regarded as opinions, and not as matters of fact.

Objective evidence which must be factually supported by an appropriate affidavit or declaration to be of probative value includes evidence of unexpected results, commercial success, solution of a long-felt need, inoperability of the prior art, invention before the date of the reference, and allegations that the author(s) of the prior art derived the disclosed subject matter from the appellant. See, for example, *In re De Blauwe*, 736 F.2d 699, 705, 222 USPQ 191, 196 (Fed. Cir. 1984) ("It is well settled that unexpected results must be established by factual evidence." "[A]ppellants have not presented any experimental data showing that prior heat-shrinkable articles split. Due to the absence of tests comparing appellant's heat shrinkable articles with those of the closest prior art, we conclude that appellant's assertions of unexpected results constitute mere argument."). See also *In re Lindner*, 457 F.2d 506, 508, 173 USPQ 356, 358 (CCPA 1972); *Ex parte George*, 21 USPQ2d 1058 (Bd. Pat. App. & Inter. 1991).

D. Appellant's arguments that neither Barber et al., Little et al., Newswire, or Sackler et al. disclose near/substantially real time, are acknowledged, however examiner is of another opinion. Specifically, Newswire states that, "client/server software for real-time centralized benefit processing, claims' editing, adjudication and control of multiple provider sites" (abstract). Therefore, Newswire is considered to fully meet the limitations of the claims.

**(11) Related Proceeding(s) Appendix**

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted

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Lindsay M. Maguire 8/4/08  
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